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UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN JOSE DIVISION

LIFESCAN SCOTLAND, LTD.,

Plaintiff,

v.

SHASTA TECHNOLOGIES, LLC, INSTACARE
 CORP., PHARMATECH SOLUTIONS, INC., and
 CONDUCTIVE TECHNOLOGIES, INC.,

Defendants.

Case No. CV11-04494-EJD (PSG)

JOINT INTERIM CASE
 MANAGEMENT STATEMENT

Judge: Honorable Edward J. Davila

Courtroom: 1

Date: July 6, 2012

Time: 10:00 a.m.

Pursuant to Civil L.R. 16-10(d) and the Court's Orders of February 1, 2012 (D.E. 71) and May 9, 2012 (D.E. 94), Plaintiff LifeScan Scotland, Ltd. ("Plaintiff") and Defendants Shasta Technologies, LLC and Conductive Technologies, Inc. (collectively, "Shasta"), and Defendants InstaCare Corp. and PharmaTech Solutions, Inc. (collectively, "InstaCare"), submit this Joint Interim Case Management Statement in advance of the Interim Case Management Conference to be held on July 6, 2012, in order to update this Court on proceedings in this case since the initial Case Management Conference on January 20, 2012. Plaintiff and Defendants continue to view this case from very different perspectives. That difference affects both their substantive and procedural views of this case. Each of these view points are set forth separately below.

PLAINTIFF'S SECTION

Although Plaintiffs prepared and proposed a Joint Interim Case Management Statement that was neutral and non-adversarial, Defendants unfortunately chose to respond by adding a section that aggressively advocates their positions on the merits and on various discovery issues. Plaintiff has no choice but to respond.

In this action, Plaintiff alleges that Defendants: (1) have infringed Plaintiff's patents by engaging in commercial activity, *e.g.*, making infringing test strips and offering them for sale; and (2) will infringe Plaintiff's patents by commercial manufacture and sale of the Shasta GenStrip, which Defendants have advised the S.E.C. is forthcoming. All of these activities are outside the safe harbor that 35 U.S.C. § 271(e)(1) provides for activities undertaken solely in support of an application for regulatory approval.

In the previous Case Management Conference on January 20, 2012, the Court directed that document production and written discovery should go forward and that depositions be held in abeyance pending the hearing that was then scheduled for March 23, 2012. On February 16, 2012, Magistrate Judge Grewal granted-in-part-and denied-in-part a motion by Shasta for a protective order, and ordered Defendants to produce product samples and the FDA file for their product within two weeks. (D.E. 78 at 2-3). On February 23, Shasta filed objections to the February 16 Order and moved for relief from that Order. (D.E. 80). On February 28, 2012,

1 the Court stayed enforcement of the February 16, 2012 Order pending a further order of this
2 Court. (D.E. 82). As a result, Plaintiff has received no discovery from Defendants in this case.
3 On February 29, InstaCare also filed objections to the February 16, 2012 Order. (D.E. 83). On
4 March 2, 2012, Plaintiff responded to Defendants' objections. (D.E. 84). Defendants' objections
5 to the February 16 Order are now *sub judice*.

6 On March 21, 2012, the Court stated that it would take Defendants' motions to stay
7 or stay this action (D.E. 43, 44, 49) under submission without oral argument. (D.E. 86). The
8 motions to dismiss or stay are also *sub judice*.

9 Plaintiff served infringement contentions on February 13, 2012. Those contentions
10 set forth the basis for Plaintiff's belief for why the Shasta GenStrip infringes Plaintiff's patents.
11 In brief, Defendants' Shasta GenStrip product is designed to work with Plaintiff's LifeScan test
12 meters by providing a reading of blood glucose levels when it is inserted in a LifeScan test meter.
13 It is Plaintiff's understanding and belief that it is impossible to make a test strip that provides a
14 satisfactory reading of blood glucose levels when used with a LifeScan test meter without
15 infringing LifeScan Scotland's patents. This is described in the infringement contentions that
16 Plaintiff served on February 13, 2012. From February 13, 2012 until mid-June 2012, Defendants
17 never expressed any concern about the sufficiency of Plaintiff's infringement contentions.

18 Defendants served invalidity contentions on April 2, 2012. Under Patent L.R. 3-
19 4(a) those contentions should have been accompanied, *inter alia*, by documents sufficient to
20 describe all aspects of the accused product. However, Defendants' invalidity contentions were
21 not accompanied by any documents. In addition, Defendants' invalidity contentions did not the
22 requirements of Patent L.R. 3-3. Plaintiff objected to the sufficiency of Defendants' invalidity
23 contentions. Following a meet-and-confer, the parties entered into a Stipulation and Proposed
24 Order to resolve the issue.

25 On May 9, 2012, the Stipulation and Order was entered as a Order of the Court.
26 (D.E. 94). Paragraphs (A) and (B) of the Stipulation and Order (D.E. 94) required Defendants to
27 serve Supplemental Invalidity Contentions and in accordance with Patent L.R. 3-3 and to provide
28 documents – including documents describing all aspects of the accused product – as required by

1 Patent L.R.3-4 no later than May 29, 2012. Under Paragraph (C) of the Stipulation and Order
2 Plaintiff is to serve Supplemental Infringement Contentions within 35 days after Defendants
3 comply with paragraphs (A) and (B).

4 The Stipulation and Order also set forth a schedule governing further proceedings
5 in this case, including further proceedings on claim construction. Thus, Paragraph (D)-(I) of the
6 Stipulation and Order provided as follows:

7
8 **D.** The Parties shall exchange Proposed Terms for Construction under
9 Patent L.R. 4-1 no later than 14 days after the service of Supplemental
10 Infringement Contentions by Plaintiff.

11 **E.** The Parties shall exchange Preliminary Claim Constructions and
12 Extrinsic Evidence under Patent L.R. 4-2 no later than 21 days after the service of
13 Proposed Terms for Construction under the preceding paragraph.

14 **F.** The Parties shall complete and file a Joint Claim Construction and
15 Prehearing Statement under Patent L.R. 4-3 not later than 60 days after the service
16 of Supplemental Infringement Contentions.

17 **G.** Claim construction discovery shall be completed not later than 30 days
18 after the service and filing of the Joint Claim Construction and Prehearing
19 Statement.

20 **H.** Plaintiffs' opening claim construction brief and any supporting evidence
21 shall be filed no later than 45 days after the Joint Claim Construction and
22 Prehearing Statement is served and filed; Defendants' responsive claim
23 construction brief(s) and any supporting evidence shall be filed no later than 14
24 days after the opening claim construction brief is served and filed; Plaintiffs reply
25 claim construction brief and any evidence directly rebutting the supporting
26 evidence contained in Defendants' response shall be filed no later than 7 days after
27 the Responsive Claim Construction Brief is served and filed.
28

1 I. All dates in the Case Management Order shall be modified consistent
2 with this Stipulation and [Proposed] Order.

3 After entering into this Stipulation and Order, Defendants promptly violated its
4 terms. Although Defendants served supplemental invalidity contentions on May 29, 2012, their
5 supplemental contentions did not meet the requirements of Patent L.R. 3-3 and thus violated the
6 Stipulation and Order of May 9, 2012 (D.E. 94). Moreover, although the Stipulation and Order
7 required Defendants to provide documents sufficient to describe all aspects of the accused
8 product by May 29, 2012, Defendants did not provide any such documents and they are refusing
9 to do so.

10 Plaintiff objected to the sufficiency of Defendants' supplemental invalidity
11 contentions and objected to their failure to provide documents describing the accused product, as
12 required by the Stipulation and Order (D.E. 94). The parties met-and-conferred, but have not
13 been able to resolve that dispute. On June 22, 2012 Defendants served a document entitled
14 Defendant[s'] Objections and Privilege Log, in which they refused to comply with the Stipulation
15 and Order and tried to justify their violations of the Stipulation and Order and their failure to
16 comply with Patent L.R. 3-3 and 3-4. Plaintiff contends that these excuses do not justify
17 Defendants' violations of the Stipulation and Order. Plaintiff intends to move shortly for
18 sanctions under Fed. R. Civ. P. 16(f) and 37(b) for Defendants' violations of the Stipulation &
19 Order of May 9, 2012.

20 The Stipulation and Order entered on May 9, 2012 (D.E. 94) provided for
21 proceedings on claim construction to take place after Defendants complied with the Stipulation
22 and Order by providing documents about the accused product and invalidity contentions that
23 comply with Patent L.R. 3-3 and 3-4. This has not yet occurred. As a result, a Markman Hearing
24 is not appropriate at this time.

25 As discussed above, Paragraphs (D)-(I) the Stipulation and Order (D.E. 94) set
26 forth revised dates for proceedings on claim construction and further stated that all dates for
27 further proceedings "shall be modified consistent with this Stipulation and Order." The proposed
28 schedule set forth below is consistent with the schedule set forth in May 9, 2012 Stipulation and

Order. The schedule that Defendants propose is inconsistent with the schedule called for by the May 9, 2012 Stipulation and Order.

Event	Proposed Date
Plaintiffs supplemental infringement contentions (Patent L.R. 3-1)	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶C
Exchange of Proposed Terms for Construction	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶D
Exchange of Preliminary Claim Constructions and Extrinsic Evidence	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶E
Joint Claim Construction and Prehearing Statement	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶F
Close of Claim Construction Discovery	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶G
Opening Claim Construction Brief	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶H
Responsive Claim Construction Brief	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶H
Reply Claim Construction Brief	See the May 9, 2012 Stipulation & Order (D.E. 94) at ¶H
Deadline for Joinder of any additional parties, or other amendments to the pleadings	30 days after service of Supplemental Infringement Contentions by Plaintiff
Case Tutorial	Two weeks after submission of the Reply brief on claim construction or another date convenient for the Court (Patent L.R. 4-6)
Claim Construction Hearing	Following tutorial
Fact Discovery Cut-off	75 days after claim construction ruling
Preliminary Pretrial Conference Statement	7 days prior to preliminary pre-trial conference
Preliminary Pretrial Conference	90 days after Fact Discovery Cut-off or another date convenient for the Court
Designation of Opening Experts with Reports	30 days after Fact Discovery Cut-off
Designation of Rebuttal Experts with Reports	30 days after Designation of Opening Experts
Expert Discovery Cutoff	60 days after Designation of Rebuttal Experts
Deadline(s) for Filing Discovery Motions	See Civil Local Rule 37-3
Deadline(s) for Filing Dispositive Motions	110 days after Expert Discovery Cutoff

DEFENDANTS' SECTION:

The current discovery posture of this case demonstrates that neither side can meaningfully provide their required disclosures per to the Local Patent Rules and promises that the parties will remain mired in related discovery disputes. This current posture (which Plaintiff's Section concedes to some extent) supports and reinforces the Defendants' original request to both dismiss this case as premature, and/or alternatively, to stay discovery pending the outcome on their Motion to Dismiss and FDA approval of the product. Defendants do not agree with Plaintiff's contention that it prepared and proposed a neutral and non-adversarial Case Management Statement, which in fact is the bulk of Plaintiff's Section.

As such, Plaintiff's proposed discovery schedule submitted in its section of this Joint Case Management Statement should be rejected, and the Defendants respectfully request the Court to revisit the imposition of a temporary discovery stay in this case until there is a ruling on the Motion to Dismiss and/or the product is placed on the market following FDA approval. At either of those points, the parties can then meet and confer and propose a meaningful, workable and joint discovery timetable, the first step of which will be for Plaintiff to provide meaningful and complete Infringement Contentions.

As the Court is aware, Defendants have asserted from outset of this case that Plaintiff's infringement law suit is an improper attempt to obtain its product and product information before there is even an FDA approved product and before a product is on the market. To that end, the Defendants filed in December 2011 Motions to Dismiss and Stay Discovery. Those motions are pending before the Court.

Plaintiff insisted that discovery should go forward, despite the existence of the pending dispositive Motion. At the first Case Management Conference, the Court agreed to allow some discovery to go forward. It is not effective to proceed with discovery in a patent infringement case with no product. There is no final product in a final form as only the FDA will know the final form at this point.

When discovery did go forward, Plaintiff's Infringement Contentions were incomplete as they have no product or product information since Defendants do not have a

1 product or information as to the specifications for a final product. In the interest of complying
2 with the Court's orders, Defendants provided their Joint Invalidity Contentions.

3 Yet, when Plaintiff received Defendants' disclosures, Plaintiff insisted on further
4 supplemental responses. Defendants met and conferred on the issue, avoided further involvement
5 of the Court, and agreed to supplement their responses. Those responses have been provided
6 recently to Plaintiff. Notwithstanding Plaintiff's own failure to provide meaningful Infringement
7 Contentions, Plaintiff now threatens sanctions against Defendants' supplemental responses.
8 Plaintiff's suggestion that sanctions are in order ignores Plaintiff's own failure to meet its
9 discovery obligations. Plaintiff wants the Defendants to comply with the discovery obligations,
10 but ignores Plaintiff's own failure to comply.

11 Plaintiff's Infringement Contentions merely repeat boilerplate responses, providing
12 no specificity and no meaningful information. The reality is that the particular circumstances of
13 this case render efforts to continue moving forward with discovery unworkable and impractical.
14 Additionally, the manner in which Plaintiff seeks to advance discovery is grossly unequal, as
15 Plaintiff seeks to put the burden of discovery mostly on the Defendants.

16 The past several months of this case demonstrate that meaningful and bilateral
17 discovery should not continue (under any schedule) until there is a final product on the market.
18 Until there is a final product, the parties cannot meaningfully move forward with discovery. Such
19 a conclusion is consistent with both the law cited in Defendants' Motion papers and the practical
20 realities of this litigation.

21 The Defendants agree with Plaintiff that the existing schedule is unworkable and
22 that it is premature to schedule a Markman hearing at this time. However, the Defendants
23 disagree that the next step should be to modify the discovery schedule. Defendants believe that
24 no discovery should go forward until Plaintiff provides meaningful and substantive Infringement
25 Contentions, which the Patent Rules recognize as a meaningful first step to the discovery process.

26 Therefore, the Defendants request that either: (1) further discovery be stayed until
27 the Court rules on the pending Motions to Dismiss; and/or (2) that Plaintiff be ordered to provide
28 meaningful Supplemental Infringement Contentions by July 25, 2012. If the Court would like

1 the Defendants to bring a discovery motion regarding the Plaintiff's discovery responses, they will
2 do so.

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Respectfully submitted,

/s/ Eugene M. Gelernter

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1 I hereby attest that I have on file written permission to sign this stipulation from all parties
2 whose signatures are indicated by a “conformed” signature (/s/) within this e-filed document.

3
4 /s/ Sean Marshall
Sean Marshall